

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI**

IN RE: SLABBED NEW MEDIA, LLC **CASE NO. 15-50963-KMS**
DEBTOR(S) **CHAPTER 11**

UNITED STATES TRUSTEE'S MOTION TO CONVERT OR DISMISS

COMES NOW Henry G. Hobbs, Jr., Acting United States Trustee for Region 5 (“UST”), by and through undersigned counsel, pursuant to 11 U.S.C. § 1112(b) and Fed. R. Bankr. P. 1017, and files this Motion to Convert or Dismiss in the above styled and numbered cause, and in support thereof respectfully submits the following:

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and 11 U.S.C. § 1112 and the order granting automatic reference to this court. This matter constitutes a core proceeding pursuant to 28 U.S.C. § 157(b).
2. The UST has standing to bring this motion pursuant to 11 U.S.C. § 307 and § 1112(b).
3. On June 16, 2015, Debtor Slabbed New Media, LLC, filed a voluntary chapter 11 petition for relief. The Debtor is a small business debtor. The Debtor is currently acting as the debtor-in-possession in this case.
4. This small business case has been pending for almost nine months. On January 11, 2016, the Court entered its Order extending the time for the Debtor to file a disclosure statement and plan. DKT. #58. The January 11, 2016, Order provided the Debtor an additional sixty days, or until March 11, 2016, to file a disclosure statement and plan. *Id.* But as of the filing of this motion, the Debtor has not filed a disclosure statement or a confirmable plan of

reorganization.

5. The Debtor is a limited liability company owned solely by Douglas K. Handshoe. DKT. #8. Upon information and belief, Mr. Handshoe is a public interest blogger for the website www.slabbed.org.

6. The Debtor owns no real property according to Schedule A. DKT. #31.

7. The Debtor only listed two assets on its Schedule B. DKT. #31. As of the bankruptcy filing, the Debtor had cash on hand of \$94.75, and a judgment receivable of \$48,000 from a lawsuit filed in the U.S. District Court for the Southern District of Mississippi. *Id.*¹

8. There appears to be no assets for the Debtor to protect through this bankruptcy proceeding.

9. On Schedule D, the Debtor listed no secured creditors, and the Debtor listed no unsecured priority creditors on Schedule E. DKT. #31. On Schedule F, the Debtor listed a total of \$485,080 in unsecured nonpriority debt, but an unsecured claim of \$425,000, for Trout Point Lodge, Ltd., was marked contingent, unliquidated, and disputed. *Id.*

10. The Debtor has no employees other than Mr. Handshoe.

11. According to the Debtor's most recently-filed monthly operating report ("MOR") for December 2015, the Debtor reported \$165 in total income and \$136 in total expenses for December 2015. DKT. #60. According to the Debtor's November 2015 MOR, the Debtor reported \$100 in total income and \$506 in total expenses for November 2015. DKT. #57. According to the Debtor's October 2015 MOR, the Debtor reported \$115 in total income and \$137 in total expenses for October 2015. DKT. #53.

¹ Per the December 2015 MOR, at the end of the December 2015, the Debtor had \$2,564 cash on hand. DKT. #60.

12. According to the Debtor's December 2015 MOR, the Debtor's year-to-date net income for 2015 was negative (\$13,451). DKT. #60, at p. 6. As of December 31, 2015, the Debtor's net cash flow from operating activities was negative (\$13,371). *Id.* at p. 7.

13. With some exceptions, after proper notice and a hearing, "the court shall convert a case under [chapter 11] to a case under chapter 7 or dismiss a case under [chapter 11], whichever is in the best interests of creditors and the estate, for cause unless the court determines that the appointment under section 1104(a) of a trustee or an examiner is in the best interests of creditors and the estate." 11 U.S.C. § 1112(b)(1) (2010).

14. Pursuant to § 1112(b), grounds for cause exist to convert this case to a chapter 7 proceeding or to dismiss this case. These grounds for cause include, but are not limited to, the following:

- (a) Failure to file a disclosure statement and a confirmable plan of reorganization; and
- (b) Absence of a reasonable likelihood of rehabilitation.

15. The UST reserves the right to provide additional grounds for cause to convert or to dismiss this case at any hearing on this matter.

WHEREFORE, PREMISES CONSIDERED, the United States Trustee prays for an order converting this case to a chapter 7 proceeding or for an order dismissing this proceeding. The United States Trustee further prays for all general and equitable relief to which entitled.

RESPECTFULLY SUBMITTED, this the 14th day of March, 2016.

HENRY G. HOBBS, JR.
Acting United States Trustee
Region 5, Judicial Districts of
Louisiana and Mississippi

By: /s/Christopher J. Steiskal, Sr.
CHRISTOPHER J. STEISKAL, SR.

CHRISTOPHER J. STEISKAL, SR. (MSB #101654)

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing pleading has been served this day on the below named individual(s) via first class U.S. Mail at the address listed below or by Notice of Electronic Filing via the email address on file with the Court's CM/ECF system:

Craig M. Geno

DATED, this the 14th day of March, 2016.

/s/Christopher J. Steiskal, Sr.
CHRISTOPHER J. STEISKAL, SR.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI**

IN RE: SLABBED NEW MEDIA, LLC **CASE NO. 15-50963-KMS**
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ORDER

THIS DAY THIS CAUSE came on for hearing on the United States Trustee for Region 5's ("UST") Motion to Convert or Dismiss (DKT. #____). After fully considering the matter, the Court is of the opinion that the motion is well taken and should be granted; therefore,

IT IS ORDERED that the UST's Motion to Convert or Dismiss (DKT. #____) is hereby granted, and this case is hereby converted to a chapter 7 proceeding.

##END OF ORDER##

ORDER SUBMITTED BY:

/s/Christopher J. Steiskal, Sr.

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